

THE ETHICAL DILEMMA OF EXPATRIATES IN EMERGING ECONOMIES:
A LIMINAL PERSPECTIVE¹

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ABSTRACT

Adjustment to emerging economies is benefited if Western expatriates recognise they are experiencing a liminal situation, which can lead to the instrumental utilisation of coping strategies as equivalent to rites of passage between distinct ethical frameworks. Given the characteristics ascribed to rites, the ethical dilemma resulting from the simultaneous demand to abide by local rules and to respect Western ethical principles is more easily solved. Consequently, effective and sustainable adjustment is favoured. Implications for organisations and individuals are discussed.

Keywords: emerging economies, ethics, expatriates, international business, liminality.

Expatriates have been used by Western companies since the surge in the internationalisation of businesses. They have been responsible for fostering their companies' expansion internationally, by increasing the knowledge about host-countries, by exploring new market opportunities, and by securing a permanent liaison between home- and host-countries operations. Yet, expatriates move within pervasive (Black, *et al.*, 1991), demanding, and complex contexts to which they must adjust (Newman, *et al.*, 1978). The challenges facing expatriates explain the high rate of premature return of expatriates, which some estimates put at 40% (Black *et al.*, 1991; Gregersen and Black, 1992), as well as the 30% to 50% of assignments considered ineffective (Copeland and Griggs, 1985).

In emerging economies, expatriates face harsher challenges, stemming from these economies' characteristic rapidly growing development rates, economic liberalisation, and the adoption of free-market policies, often combined with economic and political instability (Hoskisson, *et al.*, 2000), a poor institutional framework (Newman, 2000), an unskilled and inexperienced labour market (Cuervo and Villalonga, 2000), and weak governance mechanisms (Dharwadkar *et al.*, 2000).

A demanding Western customer base and the resulting fierce competition have been pressuring Western companies and their expatriates to reap the benefits of relocating to emerging economies, regardless of the host-country's business rules and ethical frameworks. However, expatriates cannot cope with some of their most demanding (and often discreetly mandatory) precepts if they wish their companies to escape the inquisitorial eye of highly influential malpractice-seeking Western organisations. That is, in order to respond to Western demands, expatriates may have to be unethical; but if they do, they risk both their careers and their companies' reputations because of Western pressures opposing those unethical practices.

We suggest that, due to this paradoxical situation, expatriates may find themselves in a liminal position, in “a passage between more clearly defined states of culture and society” (Garsten, 1999: 605), as well as ethical frameworks, in which the adjustment processes’ outcomes are unpredictable. Borrowing Arnold van Gennep’s concept of ‘rites of passage’ (1908/1960), we argue that strategies of adjustment adopted by Western expatriates can be interpreted as equivalent to transitional rites that mark the move between home and host countries.

We have organised the paper as follows. Firstly, we circumscribe the Western individual. Secondly, we present the challenges facing Western expatriates in emerging economies. Thirdly, we introduce the notion of effective adjustment and assert that Western expatriates may face an ethical dilemma. Then, we explore the characteristics of liminality and argue that the concept can be usefully applied to Western expatriates in emerging economies. Finally, we establish the link between adjustment processes and rites of passage, concluding that these can be instrumental to reach effective adjustment. Our discussion contributes to the literature by challenging the generally accepted idea that the expatriate’s adjustment is a positive result of the transitional phase. We suggest that the expatriate’s adjustment can indeed jeopardise her/his career if it does not embrace the perspective of ethics, particularly if long-term effectiveness is expected. Furthermore, we use a new approach, that of liminality, to seek a synthesis between two seemingly opposite realities: the need to adjust to a given emerging economy and the need to have one’s organisational practices accepted in the West.

WESTERN EXPATRIATES IN EMERGING ECONOMIES

From the acquisition of knowledge about the host-country’s trends and institutions, to local procurement development, to the eventual launch and subsequent management of regular operations (Feldman and Thomas, 1992), expatriates have long been the supporters of their companies’ efforts of internationalisation. In doing so, they often become exposed

to strange and challenging contexts, which go beyond work to encompass also the social, political, and cultural aspects of their and their families' lives (Newman *et al.*, 1978).

WESTERN TRADITION

Ancient roots

Any given society can be explained only within a specific context, the ages-long product of complex interactions between such elements as history, religion, thought, tradition, and habits (Knight, 1939) taken at a determined moment in time. Thus, Western society has been gradually shaped by the crystallisation to varying degrees of Judeo-Christian religious precepts and the political translation of European philosophical thought. Consequently, their expatriates are in fact inheritors of a "combination of values, ideals, and attitudes inherited from previous eras" (MacDonald, 1965:379).

These comprise the boundaries between good and evil, first established by Socrates and Plato, the importance of individual Virtue in the context of a larger society, brought by Aristotle (350bC/2004), and the individual free-will, introduced by St. Agustine in the 4th century, which pointed to personal responsibility. The value ascribed to human life is rooted in St. Thomas Aquinas' thought, in which Man is seen as the indestructible creation of God and dependent on His will. The centralisation of work, the goodness inherent to professional success and wealth, as well as profit legitimacy, are all rooted in Protestantism (*e.g.*, Blood, 1969; Furnham, 1984; Kidron, 1978). This religious and philosophical trend also legitimised paid work, since it transformed work into a valid tool for self-fulfilment and "discovered a compromise in which a fairer balance was struck between prosperity and salvation" (Tawney, 1930:10), allowing Westerners to depart from mere wealth – present in previous ages and in varying geographies – to capitalism (Weber, 1930).

Enlightenment

The legacy of 18th century Enlightenment still lingers in the "systems of evaluation" (Britten, 1983: 331) of political, organisational and individual decisions. In fact, both

utilitarianism and deontology, which are currently considered as "the two major ethical principles" (Kohlberg, 1984: 579), have been serving as conceptual recipients of all ethical categorization discussions (Nozick, 1981). Their centrality to today's ethical evaluation justifies the following paragraphs.

Utilitarianism was first introduced by David Hume, to whom a man's value was measured against the usefulness to himself and to society, ingrained in his acts (Hume, 1751/1999). Furthering of utilitarianism by Jeremy Bentham and John Stuart Mill in the 18th and 19th centuries established that the moral value of any action was measured by the consequences of that act, regardless of either motives or intentions (Stuart Mill, 1863/2001). Currently, several scholars use the same concept to varying purposes. Schminke, Ambrose, and Noel stress the 'outcomes' perspective of utilitarianism, under which "people define ethical actions as those that create the greatest net social good, [whereas] actions in and of themselves cannot be identified as ethical" (1997:1192), when they discuss the effect of ethical frameworks in the perception of organisational justice. Britten (1983) applies the concept of utilitarianism to the definition of public policies, whereas Blackorby and colleagues (1995) use it to investigate principles of social evaluation, such as population control, health-expenditure programme, and general development programme.

Classical deontology is based on Kant's categorical imperative, which asserts, "Act only on that maxim whereby thou canst at the same time will that it should become a universal law" (Kant, 1785/1997), thus implying that principles, means and intentions are subjects of ethical evaluation, and not results. The ethical and deontological codes of several companies and professions stem from the Kantian approach to ethics. Noticeably, the principles found in these documents are intended to have a generalised applicability, not dependent on situation, time, or people involved (Brady, 1985).

Both Utilitarianism and Deontology philosophical approaches have been blended and synthesised in actual attitudes and actions performed by Westerners across time.

Consequently, new ethical paradigms have emerged (Beauchamp and Childress, 2001; Brady, 1985), which have defined the *prima facie* duties that must be followed by Man regardless of their utility (Ross, 1930/2002), and have helped individuals to choose, in the event of conflicting options, the one with the best balance between costs and benefits (Toulmin, 1950).

Late Catholicism

Finally, the Western individual has also been influenced by Catholicism. The principle of subsidiarity (Leo XIII, 1891/1983), implicit in Western countries' legal frameworks is reminiscent of the Catholic influence. Similarly, other decisive concepts deeply rooted in secular Western societies such as social justice or civil society (Pius XI, 1931/1939) cannot be detached from the Catholic Church's social doctrine and its definition of the human person as a free, active, and responsible social agent.

Thus, the concepts of right and wrong, the definition of ethical dilemma proper, appear to be subject to a specific cultural bias, causing increasingly complex challenges to be faced by these individuals. From this, we derive our first proposition:

Proposition 1A: *When facing an ethical dilemma in a transitional situation, the Western expatriate is likely to respond within the limits of its own cultural constraints.*

Proposition 1B: *The Western expatriate is likely to be influenced by the evolving Western philosophical and religious history and tradition.*

REACHING UNEXPLORED GROUND

There are three main groups of challenges expatriates face when adapting to the new environment (Black *et al.*, 1991:304): work-related, social-related, and general challenges.

Work-related challenges include new work conditions and business norms in a new legal context. Feldman and Thomas (1992) stress the importance of entering the existing informal networks in order not to be precluded from relevant information at work.

Social-related challenges point to the fact that the expatriate is at work well beyond 9:00 to 5:00, since he has to continue to interact with foreign nationals even when out of the office. Lee and Larwood (1983) conclude that re-socialisation by means of the adoption of host-country behaviours displayed by nationals in their day-to-day lives leads to an increase in work satisfaction.

General challenges include every small detail that shapes ordinary life, from dress codes to eating habits. Adler and Graham (1989) show that communication problems, such as verbal and non-verbal language, have an impact not only at the work level, but also in every exchange involving negotiation between expatriates and locals.

Emerging economies' specifics

The literature on emerging economies allows us to infer more intricate challenges faced by expatriates in these countries when compared with developed ones. Scholars indicate a set of characteristics common to emerging economies that can account for the differences in complexity, including the adoption of liberalisation and free market policies, the economic openness to international markets, and the corresponding rapid increase of the GDP growth rates (Hoskisson *et al.*, 2000).

The quality of emerging economies' institutions explains the risks associated with their economic development and sustainability (e.g. Hoskisson *et al.*, 2000; North, 1990). In fact, legal institutions such as property rights laws (Devlin *et al.*, 1998), contracts and bankruptcy laws (Ramamurti, 2000), and even independent courts (Svetlicic and Rojec, 1994) are scarce, biased, or ill-enacted. Other market-supporting institutions, such as regulatory agencies (Levy and Spiller, 1996) and financial mechanisms (Svetlicic and Rojec,

1994), are missing. The development of institutions is hindered by a short-circuited self-perpetuating mechanism by which a production-averse institutional framework shapes the evolution of unproductive organisations and in turn is influenced by them (North, 1990), through a system of compensations offered to the aligned organisations in exchange for their support of the existing order (DiMaggio and Powell, 1991; Meyer and Rowan, 1977). Thus, corruption, bribery, opportunism, and nepotism are common features of this business environment (Newman, 2000). Consequently, exchanges become more uncertain, which has damaging consequences for efficiency (North, 1990), increases the risk of foreign investments (Luo, 1997), deters some companies from expanding to emerging economies, and increases the investment costs to those that do (Peng and Heath, 1996; OECD, 1998).

Governmental influence upon economic agents and markets was found by Dharwadkar and colleagues (2000) to be a common practice in emerging economies. This can take the form of golden-shares kept in former state-owned enterprises in order to shape management decisions concerning politically important stakeholders. Alternatively, governments and other official authorities recur to public expropriation by means of tax or policy shifts, or even to nationalisation of firms' assets. Foreign companies are more exposed to these practices because (a) they use fewer host-country resources, which imply a lower impact in terms of jobs, taxes, or votes in the case of intervention, and (b) popular support for these types of actions can be secured if the governments choose to use the sovereignty banner (Delios and Henisz, 2000:307). Thus, expatriates in emerging economies are immersed in a macro-economic context wherein official authorities are usually concerned about securing their own interests, keeping the power *status quo*, and preventing potentially damaging political change.

The unique principal-principal agency problems present another challenge to expatriates in emerging economies, especially when they side with the minority owners, due to governance failures (Dharwadkar *et al.*, 2000). Internal governance mechanisms either

“have little influence over management decisions and top management performance evaluation” (Dharwadkar *et al.*, 2000: 653) or are themselves composed of managers or appointed members (versus those elected by shareholders). External governance mechanisms such as legal infrastructure and efficient financial markets (Boyd, 1994), which compensate for the lack of the former in developed economies, are also nonexistent or underdeveloped (Dharwadkar *et al.*, 2000; George and Prahbu, 2000; Khanna and Palepu, 1997).

Singular principal-principal agency problems can also occur when the lack of the institutional infrastructure that includes the protection of property rights of minority shareholders (Peng and Heath, 1996) works as an incentive for the appointment of relatives or friends of majority owners as managers. These will “further the interests of majority owners by disregarding the interests of minority owners” (Dharwadkar *et al.*, 2000: 655). Conversely, pyramidal ownership structures, created to disguise the real weight of large shareholders (LaPorta *et al.*, 1998), are another source of principal-principal agency problems. This type of expropriation phenomenon is augmented by the complex web of privileged relationships between majority owners and the financial system, which is mainly concerned with protecting its own interests. Consequently, continuous mismanagement can be concealed from minority shareholders until eventual collapse closes in, as can be conjectured from Wolfensohn’s conclusion that “two-thirds of Indonesian and one-quarter of Thai companies appear[ed] insolvent” (1998: 78).

A lack of experienced and skilled labour might be found by expatriates looking for professionals in emerging economies. The institutional context described above is not conducive to investment in education in most emerging economies (Hoskisson *et al.*, 2000). When coupled with Government’s direct intervention in setting wages or in imposing restrictions to recruitment, both phenomena contribute toward aggravating the labour market imperfections and restraining its development (Dharwadkar *et al.*, 2000).

The quality of local management is also affected by two conditions peculiar to emerging economies. First, local managers are accustomed to the closed and protected environment of state-owned enterprises (Cuervo and Villalonga, 2000). Consequently, they are unfamiliar with competitive strategic thinking and the need for innovation (Djankov, 1998; McDonald, 1993), and find that erstwhile successful practices lead to poor results (Shama, 1993) and to reduced performance. Second, the power stemming from the golden-shares kept by governments in former state-owned enterprises is translated into the imposition of some top managers and board members (Cuervo and Villalonga, 2000) regardless their competence to occupy such positions. Therefore, managers often possess poor decision-making capabilities (Lyles and Baird, 1994), and are not acquainted with delegation or decentralisation policies (Hitt *et al.*, 2000).

A final challenge described in the literature as faced by expatriates in emerging economies has to do with their efforts to enter the closely-knit networks in which the different economic agents and authorities cluster. These replace the missing formal institutional mechanisms (Peng and Heath, 1996), and tie the relevant parties to a firm's transactions (Spicer *et al.*, 2000) – and include managers, workers, suppliers, customers, and authorities. Expatriates therefore have to create strategic partnerships in order to approach markets, regulators, and politicians (Doh, 2000; Luo, 1997; Delios and Henisz, 2000) and obtain information and resources crucial for their companies' success overseas (Spicer *et al.*, 2000).

THE CHALLENGE OF ADJUSTMENT

The solution to the challenges faced by expatriates depends on the adjustment process outcome, which results from the interaction of individual and organisational variables. Several authors propose specific strategies, centred on the organisation or the individual, to favour adjustment.

THE STRATEGIES AVAILABLE

Organisational strategies

Black and colleagues (1991) assert that concerns about adjustment should begin before expatriates are sent abroad. Pre-departure training about the host country, its culture, and the way this shapes the company's operations abroad, as well as adequate selection mechanisms and criteria are adjustment strategies that companies could enact from the outset in order to avoid the negative impact of organisational culture shock. During expatriation, companies should direct their adjustment concerns to job-related role clarity and discretion, culture related social support, and logistical help, thus diminishing the negative impact of role novelty.

Newman and colleagues (1978) propose realigning the reward and reinforcement systems in order to address the expatriate's needs in the host-country, namely her/his ability to cope with out-of-work stress. Additionally, these scholars propose that companies take into account the expatriate's family needs, such as accommodation, education, and health-care in order to avoid negative impacts stemming from lack of family integration. Finally, they propose an increased autonomy for the subsidiary, in order to allow for creative responses to local stimuli (Newman *et al.*, 1978: 659).

Individual strategies

The same scholars propose some individual strategies to foster adjustment. The acquisition of work or non-work foreign experience compounded with personal high self-efficacy, and good relational and perceptual skills, prepares expatriates to face different cultures and habits, thus reducing uncertainty and expectation (Black *et al.*, 1991). Accordingly, high levels of interpersonal trust, which leads to organisational commitment, and an internal locus of control, which predisposes the individual to take care of her/his own adaptation to the new environment, are factors and personality traits that facilitate adjustment (Newman *et al.*, 1978).

Individually, expatriates can also adopt a series of coping strategies to ameliorate the stressful impact derived from their contact with the foreign setting (Oberg, 1960), and thus improve the quality of adjustment (*e.g.*, Feldman and Thomas, 1992; Feldman and Tompson, 1993; Shaffer *et al.*, 1999; Selmer, 2001). These can be emotions-focused (Folkman and Lazarus, 1980: 223; Billings and Moos, 1981: 141), if they are centred on the individual, who tries to distance her/himself from the stressing event or alter the personal meaning of the event (Folkman *et al.*, 1986: 997; Lazarus, 1993: 238). Alternatively, coping strategies can be problem-focused, if they aim at changing the context or the individual in order to favour accommodation (Lazarus, 1993: 238). Notwithstanding, all the available strategies stem from the complex interaction between cognitive appraisal, coping, and ensuing outcomes, which was first theorised by Lazarus (1966) in the context of psychological stress analysis.

Appraisal, the first component of the interaction, is the process through which an expatriate assesses a stressful event in terms of what s/he has at stake and, in the event that something is at stake, which coping strategies exist that can mitigate stress (Folkman and Lazarus, 1980). Coping – the second component – can be defined as “ongoing cognitive and behavioural efforts to manage specific external and/or internal demands that are appraised as taxing or exceeding the resources of the person” (Lazarus, 1993: 237). Apparently, the way the expatriate appraises the context will define which coping strategy s/he will adopt, which, in turn, will lead to an outcome. However, the evolving dynamic process between appraisal, coping, and outcomes (Folkman *et al.*, 1986: 993) depends not only on the context-influenced expatriate, but also on the chosen strategy among those that are available, and on the consequently affected context or situation (Folkman *et al.*, 1986: 993; Lazarus, 1993: 237 and 240), as depicted in Figure 1. This process terminates only when the desired outcome – expatriate adjustment – is reached, which allows for the

interchangeable utilisation of different coping strategies, according to the cyclical evaluation of the outcome made by the expatriate in the face of a renewed situation.

Figure 1 about here

Coping strategies were grouped by Mendenhall and Oddou (1985) along four dimensions: the *self-oriented dimension*, which deals with those strategies that foster self-esteem and confidence; the *others-oriented dimension*, which comprises the actions directed at host-country nationals; the *perceptual dimension*, which entails understanding the connection between actions and their causes; and finally, the *cultural toughness dimension*, which includes all actions performed in order to accommodate to the new culture.

WHEN ETHICS COUNTS

The ethical question

The reviewed literature suggests that adjustment leads to effective assignments. Nevertheless, empirical research has shown that between 16% and 40% of foreign assignments end prematurely (Black *et al.*, 1991; Gregersen and Black, 1992), while 30% to 50% of all expatriates are considered ineffective by their employers (Copeland and Griggs, 1985). We suggest that the differences in the ethical context contribute to an explanation of such failure rates, given that adjustment strategies proposed thus far appear not to lead to real effective adjustment. Instead, they seem unsustainable in the long term, especially in the case of emerging economies, where adjustment often includes acceptance of new and challenging socio-cultural norms, often at odds with the Western ethical canon.

The simultaneous demand for adjustment from developed and emerging economies constituencies creates an ethical dilemma for expatriates. If they are unable to adjust, they

will suffer pressures from both the emerging and the developed economy to either adjust or return home. If and after they adjust to the emerging economy, they will be prompted to decide which ethical canon to follow. If expatriates are ethical relativists, thus accepting the emerging economy ethical canon as good in its own context (Rachels, 1998), they expect to fully collect the benefits from their companies' investments. However, if they continue to follow the new pattern, they risk becoming ineffective as soon as Westerners become aware of the procedures they deem unethical by means of an augmented exposure of internal organisational practices (Hatch and Schultz, 2002). If, instead, expatriates are absolutists, accepting only one way of behaving ethically, supposedly grounded on universal concepts of right and wrong (Donaldson, 1996), they risk being challenged by the host country environment up to the point of losing the potential competitive advantages arising from their presence in the emerging economy, and eventually becoming ineffective. As depicted in Figure 2, ineffective adjustment is the eventual outcome if expatriates adopt an extreme attitude in the continuum defining the scope of ethics.

Figure 2 about here

Proposition 2A: *Expatriates who seek to adjust to emerging economies using traditional adjustment strategies are likely to face an ethical dilemma.*

Proposition 2B: *The ethical dilemma faced by expatriates is likely to be grounded in the coexistence of two apparently conflicting ethical frameworks.*

Proposition 2C: The expatriate's perception of the scope and nature of ethics – absolutists vs. relativists – is likely to foster the occurrence of ethical dilemmas.

Foundations of effective adjustment

We suggest that a new ethical context that leads to effectiveness must emerge from the combination of these two distinct frameworks. Furthermore, we consider that expatriates find themselves in a blurred situation, in which neither set of rules fully applies but, at the same time, neither ceases to be demanded. They are “in betwixt and between” (Turner, 1969/1995:95) two ethical contexts, in a liminal space that has to be inhabited until, by means of proper rites of passage, they have the ability to reach what we call the stage of effective adjustment, and increase the chances of solving the dilemma.

Effective adjustment internalises pressures from the two ethical fields in such a way that all parties come to sense that vital cultural traits are not being questioned. Donaldson (1996) proposed three principles to characterise effective adjustment. First, central human values, which include human dignity, individual's basic rights, and good citizenship, must be respected. Second, within the limits imposed by the previous principle, local traditions and ethics must also be respected. Finally, the importance of context when deciding between right or wrong actions must be recognised.

At the stage of effective adjustment, expatriates and companies subject all actions to universal central human values. Furthermore, they recognise the existence of a free moral space resulting from the juxtaposition of the host-country's traditions and ethics with universal values (Donaldson and Dunfee, 2002). In this space, Western and local ethical principles are coalesced to beget generally accepted ethical norms that become thereafter mandatory to all parties involved in business transactions in that specific location (Donaldson and Dunfee, 1999). Since both the emerging economy and Western ethical frameworks are respected, conflicting pressures from both home- and host-country

constituencies are expected to wane. Consequently, expatriates can perform their tasks successfully, without violating Western ethical norms or clashing local norms and ethics, thus fostering organisational sustainability. Hence:

Proposition 3: *Effective adjustment to a foreign setting is attained only when expatriates adapt their behaviour in order to respect local traditions and ethics, and at the same time, do not violate any universal principle.*

The stage of effective adjustment is the desired outcome of the liminal experience undertaken by expatriates. In the next section, we will explore the concepts of liminality and associated rites in order to emphasise those properties that facilitate the transition from a situation of conflicting ethical frameworks to that of ethical co-existence.

LIMINALITY

Liminality is a sociological concept introduced by Arnold van Gennep (1908/1960) to explain the transition between two well-defined stages. It refers, therefore, to transitional periods in one's life. Victor Turner, another sociologist, coined the term 'liminal *personae*' (1969/1995: 95) to allude to those individuals who are experiencing a liminal situation, thus temporarily lacking the normal classification they are usually ascribed elsewhere.

Management scholars have used the concept to explore the condition of external consultants (Czarniawska and Mazza, 2003), temporary workers (Garsten, 1999), and interim managers (Inkson *et al.*, 2001). The distinction between organisational legality and illegality (Cunha and Cabral-Cardoso, 2006), organisational learning (Tempest and Starkey, 2004) and celebrations (Rosen, 1988) have also been analysed using a liminal perspective. As a common feature, all previous examples are ambiguous and refer to some kind of transitional situation. The distinctions between concepts are not clear and tend to merge in the situations presented, leading to a third reality that has features of both antecedents.

The “unusual license” (Rosen, 1988: 477) given to the actors of liminal situations allows for the “transcendence and play” (Tempest and Starkey, 2004: 504), vital to creative, and otherwise unacceptable, responses in the context of ambiguity experienced by expatriates. Amongst these are the rites and rituals that will eventually lead to the appeasing of the ethical dilemma facing expatriates in emerging economies.

The purpose of rites of passage is “to enable the individual to pass from one defined position to another which is equally well defined” (Gennep, 1908/1960:3). There is an implicit intentionality in this definition, which allows for the instrumental utilisation of rites. Czarniawska and Mazza (2003: 285) stress the importance of rites as acts of volition performed by those in transition that seek protection from the effects of liminality.

In the next section, we will further the concepts of liminality and rites of passage in the context of expatriate adjustment in order to suggest that the ethical dilemma faced by these professionals can be better addressed if companies and expatriates take the different adjustment strategies as rites of passage between the two ethical frameworks.

THE LIMINAL PATH TO EFFECTIVE ADJUSTMENT

We now group all the building blocks we have been analysing thus far in such a way that we are able to clarify how effective adjustment can be facilitated. Firstly, we have isolated the Western person as an ethical and cultural unity. Secondly, we described some of the challenges faced by Western expatriates, stressing the case of expatriation to emerging economies. Thirdly, we referred to the literature on expatriates to describe some of the organisational and individual constraints to successful adjustment, as well as the strategies proposed to overcome the previously described challenges. We then suggested that what literature referred to as *effective* or *successful adjustment* was in fact temporary and incomplete if the ethical constraint was not considered. Furthermore, we suggested that expatriates were in a liminal situation, between two distinct ethical frameworks, and bound to experience an ethical dilemma and ineffective adjustment. Finally, we proposed a notion

of 'effective adjustment' that considers the ethical constraint as the sustainable and desired outcome of expatriates' adjustment process.

In the first part of the following section, we explain why we consider that expatriates in emerging economies experience a liminal situation and describe the consequences of such an assertion. In the second part, we explore the consequences of hypothesising that expatriates are aware of their liminal condition. In the final part, we detail some of the implications of the previous assumptions to both organisations and expatriates.

THE LIMINAL SITUATION

LIMINAL EXPERIENCE

If we return to our explanation of liminality and its characteristics, we can find many descriptors of Western expatriation experiences. Indeed, expatriates are heirs to a robust and firm ethical tradition launched into a likewise robust and complex, albeit completely strange, ethical framework, as Van Gennep framed liminality. Expatriates admittedly become 'liminal personae', *à la* Turner since, while they are no longer in their familiar ethical context, they do not belong to or understand the new one. Thus, their situation is ambiguous and their actions difficult to classify ethically. Expatriates know that the continued abidance by the host-country ethics might endanger the whole venture but, at the same time, continued avoidance will lead to the same result.

There are several consequences arising from this state of liminality. In this ill-defined situation, where the concept of normality is at dispute between the two sides, and there is a notion that generally accepted rules are suspended, the actors involved will be less demanding when assessing the other's ethical behaviour, extending their limits of acceptance. As such, expatriates will have more time to apprehend the idiosyncrasies of the new environment (Selmer, 2002), choosing to adopt only those attitudes they feel comfortable with (Lee and Larwood, 1983: 659), and benefiting from valued characteristics

of the two conflicting situations. This is possible because the transitional facet of the liminal situation diminishes the influence of all the former social structures (Ruben and Kealey, 1979), leaving expatriates freed from habitual social constraints. This is not to say that they are permitted anything, but the state of liminality allows them to explore novel approaches and strategies that would otherwise be considered impossible.

From this, we derive the following propositions:

Proposition 4A: *Expatriates in emerging economies are in a liminal situation that results from the cross-influence of two apparently conflicting ethical frameworks.*

Proposition 4B: *Liminality is likely to provide the necessary tools to overcome the challenges faced by expatriates.*

RECOGNISING LIMINALITY

According to several empirical studies (e.g.: Miller, 1977, Gregersen *et al.*, 1996; Shay and Baack, 2004), liminal situations are characterised by a clear set of features, as we have seen above, that are easily recognised by the actors involved. Given the developmental potential of liminality, we suggest that expatriates would benefit if they were aware of the formal existence of liminality. By doing so, they would be able to benefit from its consequences and implications, which includes the existence of a pre-liminal period. Such recognition would allow for the anticipation of strategic moves toward effective adjustment to the planning stages of the expatriation process. Furthermore, we propose that expatriates and companies should interpret each adjustment strategy as the equivalent of a specific rite, thus ascribing to the effective adjustment process the beneficial attributes of rites of passage. In fact, this interpretation implies conferring to adjustment strategies some of the properties of rites:

- Purposefulness – the purposefulness of rites eliminates all possible actions that would distract expatriates from their objective. Instead, expatriates would be focused on the desired outcome, which is effective adjustment, and would adopt only those strategies, behaviours, and attitudes that lead to it.
- Structure – behaviours and attitudes could be aligned within each strategy in order to allow each one to have a positive impact in the stream of all adjustment strategies. Concurrently, after knowing which strategies should be adopted, expatriates could order them to minimise the time consumption until the desired outcome is attained.
- Order – rites are composed of a series of orderly acts that should be followed in order for the rite to produce the desired outcome. Accordingly, the sequence of tasks within the selected adjustment strategies should be thoroughly designed to attain the effective adjustment objective.
- Instrumentality – the devised structure facilitates the instrumental utilisation of the adjustment strategies, by which these can be chosen, applied, changed, and replaced, depending on their contribution, in each given moment, to the overall purpose of effectiveness.
- Explanation – the events associated with the adoption of each adjustment strategy could be used by expatriates to apprehend and read the context in which they are immersed, and thus understand the reasons justifying the displayed behaviour and attitudes of host-country nationals.

From the above, we advance our next proposition:

Proposition 4C: Given the characteristics ascribed to rites, formal acknowledgement of liminality by expatriates and organisations fosters effective adjustment to the host-country if

the set of all adjustment strategies utilized by expatriates are transformed into a series of intended and interconnected rituals.

IMPLICATIONS

FOR MANAGEMENT

As seen above, the concept of rites can be applied to the early stages of the expatriation process, the pre-liminal period, which includes strategies such as selection mechanisms and criteria, training, and previous experience in foreign countries (Black *et al.*, 1991). Therefore, to increase the probability of attaining effective adjustment, a *purpose* must be associated with each strategy. The pre-liminal strategies must be *structured* around the purpose, their tasks *ordered* according to it, and used in an *instrumental* manner, so that candidates to expatriation can take advantage of their embedded *explanatory* power.

Selection should include ethics-related criteria and assessment mechanisms. Awareness and respect for central human values, such as human dignity and basic rights, should count as valuable and distinctive traits of candidates. Cross-cultural awareness of candidates should include knowledge about local traditions and ethics. Consequently, different selection instances should take place, according to the expatriate's destination. Only individuals who are aligned with the purpose of effective adjustment should be selected in this early stage.

Training should extend beyond job-related skills to include ethics-related attitudes. The distinction between acceptable and unacceptable behaviours, from both the home- and the host-country perspectives, should be clear from the outset. Future expatriates should be aware of the free moral space (Donaldson and Dunfee, 2002) within which they will be able to adapt their management policies. A full report of the consequences of wrongful practices should be made available, in order to prevent harmful attitudes after expatriation. After

being submitted to pre-departure training, future expatriates should be fully aware of the long-term advantages of ethical behaviour, in contrast to the apparent gains of shortsighted unethical behaviour.

Finally, future expatriates and companies should be conscious that previous experience in foreign countries should only be counted as relevant to the extent that it provides guide posts through an ethically challenging environment.

In the liminal period, organisations can adopt several strategies to facilitate adjustment (Newman *et al.*, 1978), as we have seen above. As in the pre-liminal period, strategies have to be transformed according to the properties of rites to increase the probability of adjustment effectiveness.

The reward and reinforcement systems should be enhanced to include the ethical variables. Behaviour that challenges the central human values, such as bribery (Martin *et al.*, 2007: 1402), cannot be rewarded, even if it apparently produces positive results in the bottom-line. Local traditions and ethics should be accepted if they comply with the central human values. Conversely, violation of compliant local precepts should be punished. Additionally, organisations should create incentives for expatriates to engender creative responses within the limits of the free moral space. For the same reason, reinforcement systems should be aligned with the prevention of all the actions that fall outside the boundaries of free moral space.

Out-of-work ethical stance should also be a concern, since it is a good indicator of expatriate behaviour at work. Therefore, to encourage ethical alignment, companies should strive to understand and assess how the expatriate deals with ethical issues in her/his daily life. Moreover, the expatriate's capacity to blend with local traditions and habits should also be assessed, and organisations, provided they do not clash with the central human values, should help their expatriates to overcome hardships.

Finally, the adaptation required from the structural relationship between head-offices and overseas branches should include adaptive responses to challenges stemming from a

local context that is different in traditions and ethics, but at the same time does not conflict with central human values.

Given these implications, we advance another proposition:

Proposition 5A: *The active role played by organisations in the adjustment of expatriates contributes to effectiveness if, from the outset of the expatriation process, they interpret the available adjustment strategies as being equivalent to rites of passage, thus making them purposeful, structured, instrumental, and explanatory tools.*

FOR INDIVIDUALS

The personal adjustment strategies discussed above lead to an ethical dilemma stemming from contradictory forces being exercised over expatriates. We now argue that interpreting strategies as the equivalents of rites can benefit adjustment and eliminate the ethical dilemma, regardless of the adjustment constraints discussed above.

We have seen before that in order to achieve adjustment, expatriates develop several strategies focused on its different components – the self, the relationship and the understanding of host-country nationals, and the country proper (*cf.* Mendenhall and Oddou, 1985). Concerning the self, these strategies might include the active effort on the part of the expatriate to replace former leisure activities with others typical of the host-country or the retreat to meditation or religious worship. Concerning others, expatriates can pursue a significant involvement with host-country nationals or, on the other hand, seek refuge in the company of other expatriates (Selmer, 1999). Adler and Graham (1989) advance a good example of a comprehensive strategy of adjustment when they suggest that expatriates can take advantage of the temporary licence given by host-nationals by

trying innovative blends of home- and host-country negotiation techniques to achieve their own goals.

However, purposeful as they should be, the available strategies have to be appraised in terms of their impact on overall human values, their respect for local traditions and ethics, and how well they fit within the resulting free moral space. Whether an expatriate should pursue a strategy such as establishing friendly relationships with locals (problem-focused) or a strategy such as writing a diary (emotions-focused), amongst all available, depends on her/his understanding of reality as well as of each strategy's instrumental value for achieving effective adjustment. In both strategies, expatriates must take the opportunity to acquire information about the surrounding context, and be ready to assess how close they are to the final objective of long-term sustainability. With this information expatriates can more easily introduce necessary changes to current strategies or, instead, search for new instrumental ones, thus giving rise to a renewed cycle of the appraisal-coping process.

Given these implications for individuals, we propose yet another proposition:

Proposition 5B: *Expatriates' active role in their accommodation contributes to effective adjustment, regardless of adjustment constraints, if the different emotions- and problem-focused strategies adopted throughout the appraisal-coping process are interpreted as being equivalent to rites of passage, thus making them purposeful, structured, instrumental, and explanatory tools.*

FINAL COMMENT

The appraisal-coping process depicted in Figure 1 should continue until effective adjustment is reached and both organisations and individuals are seamlessly accommodated in the host-country, without violating the principles advocated by the Western mindset.

The advantages of effective adjustment for organisations appear to be multiple. They avoid costly exposition of malpractices in Western countries, such as bad publicity, bans, or straight legal costs. They increase bottom-line results through a more competent control of new opportunities in emerging markets, given their willingness to adapt but, at the same time, continue to respect universal values. They can count on more individuals willing to venture abroad, given the increased success rates. In brief, they become more sustainable, yet they do not sacrifice their presence in advantageous countries.

The rites to which expatriates submit themselves during the liminal period permit their transformation from bi-partisans, which can follow only one ethical canon (either the Western or the emerging economy one), to individuals that make an uncompromising utilisation of the business tools available in an overall context. These expatriates are more knowledgeable about the countries to which they are sent. They become more flexible and responsive to impending challenges, and therefore become valuable assets for their companies, at the same time that they increase their own market value.

This paper contributes to the expatriate adjustment literature by challenging the idea that companies should seek expatriates' adjustment in order to be effective in their foreign ventures. We propose, instead, the objective of effective adjustment, meaning adjustment that comprises ethical concerns. Furthermore, we assert that, in order to be effective, organisational and personal efforts for adjustment should be complemented by an understanding that the available strategies can be transformed into rites that are purposefully enacted.

We leveraged on existing models of expatriate adjustment to build a successful outcome, using the perspective of liminality. However, this theoretical perspective allows for error, cases in which rituals do not lead to the intended outcome, as suggested by some of Turner's writings (*e.g.* Turner, 1969/1995; 1977; 1980). Accordingly, we recognise that not

reaching effective adjustment after the enactment of rituals intended to facilitate the passage is a possibility.

We acknowledge that the importance of personal choice and personal interpretation of meanings in the coping process (Lazarus, 1993:234) can impair our theoretical model, since we do not present a force to accomplishment stronger than personal rationality based on the assumption that individuals seek their own interests in the long run. However, these must be aligned with the recognition, by individuals and their organisations, that effectiveness is a long-term objective attainable only if generally accepted and universal principles are joined to a profound respect for the host-country traditions and ethical norms.

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FIGURES:

FIGURE 1

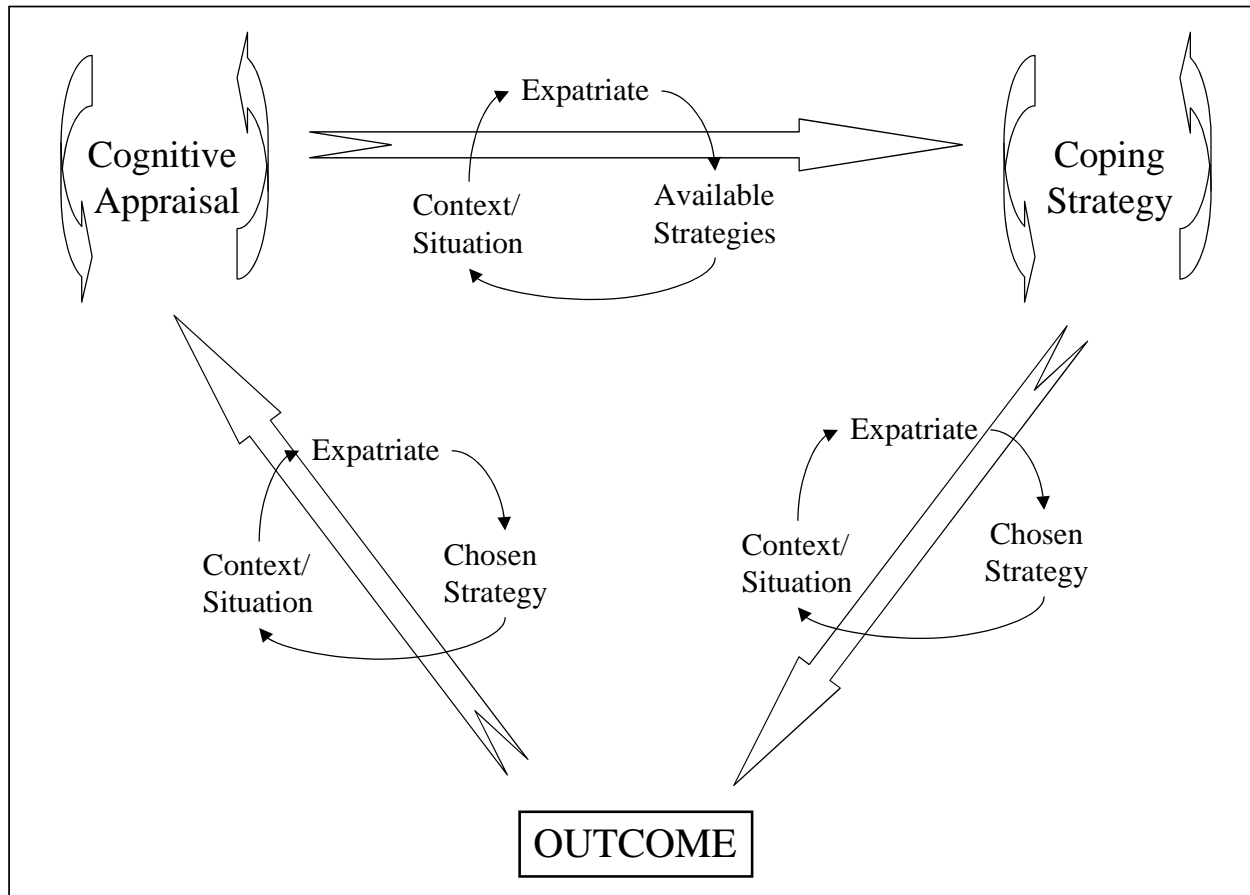
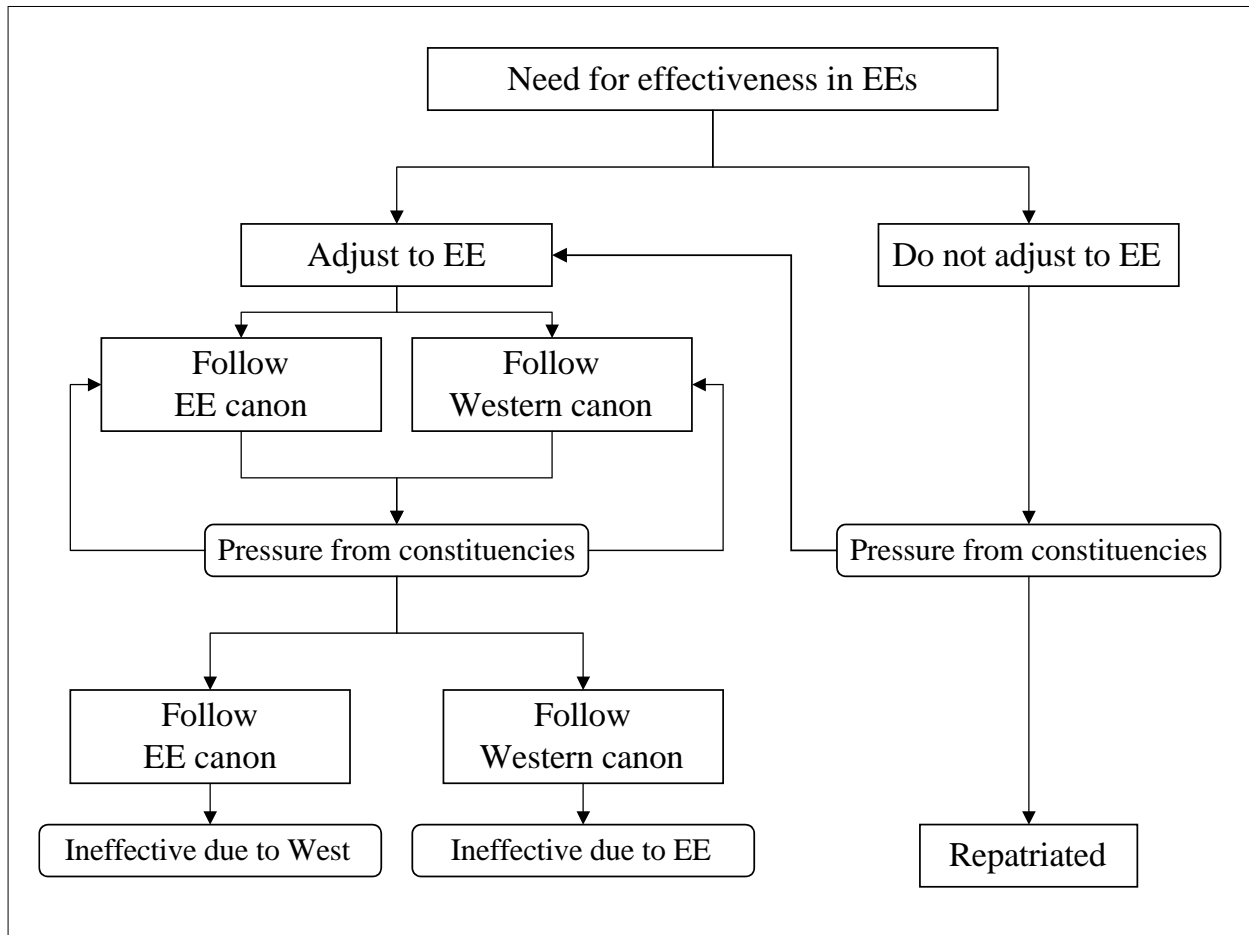


FIGURE 2



FIGURES' LEGENDS:

Figure 1 - Appraisal-coping process to expatriate adjustment

Figure 2 – Expatriates' ethical dilemma.